TRANSPORTATION PARTNERSHIP FUND

FINANCIAL STATEMENTS

For the Year Ending March 31, 2009

Provincial Auditor Saskatchewan

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SASKATCHEWAN

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Transportation Partnerships Fund as at March 31, 2009 and the statement of revenue, expense and change in net assets and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Partnerships Fund as at March 31, 2009 and the results of its operations, the changes in net assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina Saskatchewan
June 26, 2009

Fred Wendel, CMA, CA
Provincial auditor

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2009	2008
Assets		
Current Assets:		
Due from General Revenue Fund (Note 3)	$ 6,784,672	$ 9,917,142
Accounts Receivable	1,778,695	1,678,506
	$ 8,563,367	$ 11,595,648
Long Term Assets:		
Loans Receivable Less Concessionary Allowance (Note 5)	1,387,060	803,399
	$ 9,950,427	$ 12,399,047
Liabilities and net assets		
Current Liabilities:		
Accounts Payable	$ 304,538	$ 170,627
Deferred Revenue	-	20,845
Net Assets (Statement 2)	$ 9,645,889	$ 12,207,575

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
For The Year Ending March 31

	2009 Budget	2009 Actual	2008 Actual
Revenue			
Transportation Partnerships Agreements	$ 3,058,000	$ 3,473,304	$ 6,160,759
Interest Revenue (Note 3)	231,000	199,582	399,917
Amortization of Loan Discount (Note 5)	43,000	45,464	42,391
Other Revenue	49,000	116,916	59,552
Total Revenue	$ 3,381,000	$ 3,835,266	$ 6,662,619
Expenses			
Highway Improvement Projects (Note 4)	$ 7,118,000	$ 5,943,956	$ 5,487,189
General Transfers	400,000	389,967	77,401
Technology Manufacturing Costs	10,000	13,029	24,748
Administrative Expenses (Note 4)	50,000	50,000	50,000
Total Expense	$ 7,578,000	$ 6,396,952	$ 5,639,338
Surplus (Deficit) for the year	$ (4,197,000)	$ (2,561,686)	$ 1,023,281
Net Assets, beginning of year	11,184,294	12,207,575	11,184,294
Net Assets, end of year (Statement 1)	$ 6,987,294	$ 9,645,889	$ 12,207,575

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2009	2008
Cash flows from (Used in) operating activities:		
Cash Receipts From Transportation Companies	$ 3,307,083	$ 5,823,790
Cash Receipts From Other Revenue	96,071	59,552
Cash Receipts From Short-Line Railways	83,333	73,333
Interest Received	265,614	394,539
Cash Paid For Highway Improvement Projects	(5,810,045)	(5,470,742)
Cash Paid For Manufacturing Costs	(13,029)	(17,748)
Cash Loans Paid to Short-Line Railways	(953,600)	(128,000)
Cash Paid For General Transfers	(57,897)	(33,400)
Cash Paid For Administration	(50,000)	(50,000)
Net Increase (Decrease) in cash	(3,132,470)	651,324
Due From General Revenue Fund, beginning of year	9,917,142	9,265,818
Due From General Revenue Fund, end of year	$ 6,784,672	$ 9,917,142

(See accompanying notes to financial statements)

TRANSPORTATION PARTNERSHIPS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009

1. Authority and Definition of Entity

The Transportation Partnerships Fund was established effective July 1, 1997 pursuant to Section 8 of *The Highways and Transportation Act, 1997*. The purpose of the Fund is to generate revenues to be used for highway improvement projects. The Transportation Partnerships Fund generates revenues subject to the terms of trucking partnership agreements, in which the transportation companies pay the Fund a portion of cost savings achieved from being able to haul overweight and/or over dimension loads. Additional revenues are raised through the marketing of transportation related technology and expertise.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as an other government organization. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board. The following accounting principles are considered significant:

a) Revenue recognition –
   I. Transportation Partnerships Agreement revenue - recognized in the period the truck haul savings and fees are realized.
   II. Transfers are recognized as revenue when the Fund has met the eligibility criteria, if any, and a reasonable estimate of the amount can be made.

b) Use of estimates –
   These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Due from General Revenue Fund

The monies of the Transportation Partnerships Fund are deposited in the General Revenue Fund. Under this arrangement, earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate and the Transportation Partnerships Fund's average daily bank account balance. The effective interest in the year was 1.95% (2008 – 4.08%).

4. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related as they are controlled by the Government. These financial

statements include transactions with other Government agencies. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

During the year, the Fund was charged $50,000 (2008- $50,000) by the Ministry of Highways and Infrastructure for salary and administrative expenses.

Transportation Partnerships Agreements Revenue includes $2,000 (2008 - $343,862), from SaskPower, pursuant to a transportation partnership agreement between the Fund and SaskPower. At year-end SaskPower owed the Fund $2,000 (2008 - $178,568).

Transportation Partnerships Agreements Revenue includes $72,000 (2008 - $58,600), from Saskatchewan Government Insurance (SGI), pursuant to a transportation partnership agreement between the Fund and SGI.

Highway improvement projects undertaken by the Fund are repairs and betterments to assets of the Ministry of Highways and Infrastructure. Projects of a capital nature are transferred by the Fund to the Ministry. The Ministry records and amortizes these assets based on Ministry capitalization policies and thresholds.

5. Loans Receivable

The Fund provided loans of $953,600 in 2009 (2008 loans - $128,000; Total loans advanced to date - $2.082 million) in financial assistance to eligible Short Line Railway companies under *The Railway Line (Short Line) Financial Assistance Regulations*. The loans are interest free and to be paid back over 15 years, with the first repayment due in the fourth year.

The loans are accounted for as a discounted loan on the Statement of Financial Position. Due to the concessionary nature of the loan, the Fund recognized a discount of $332,070 in 2009 (2008 - $44,001) as the grant portion of the total loan advanced based on an interest rate of 4.75% in 2009. A concessionary allowance has been recorded which will be amortized to revenue over the term of the loan. Total concessionary allowance balance is $537,874 in 2009 (2008 - $251,268).

No valuation allowance was established in the current year. An allowance will be recorded if at any point the loan is not considered payable in full.

6. Comparative Figures

Certain prior year figures have been reclassified to conform to the current year presentation.